



Press Release

Attorney General Frosh Urges Federal Housing Officials to Help Homeowners Affected by COVID-19

Bipartisan Coalition Recommends Actions to Deal with Unprecedented Disruption to Mortgage Market

BALTIMORE, MD (April 23, 2020) – Maryland Attorney General Brian E. Frosh today joined a bipartisan coalition of 35 attorneys general in sending [letters](#) to the Federal Housing Finance Administration (FHFA) and the Department of Housing and Urban Development (HUD), recommending actions to help homeowners in the wake of the COVID-19 pandemic.

The coalition applauded federal efforts to suspend evictions and foreclosures, as well as expressed appreciation for additional forbearance and foreclosure relief provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Act, which was signed into law on March 27, provides protections for homeowners whose loans are backed by Fannie Mae and Freddie Mac or other federal entities.

As part of the CARES Act, FHFA and HUD have already adopted streamlined processes for borrowers who have been affected by COVID-19 to enter into forbearance plans, which allow borrowers to pause mortgage payments for a limited period of time. Currently, once the forbearance period ends, borrowers are being asked to either repay the missed payments in a lump sum or enter into a more permanent repayment solution.

Because an unprecedented number of borrowers will need help at essentially the same time, the letters recommend moving the forborne (or missed) payments to the back of the loan term. That would allow immediate relief for homeowners and reduce borrower confusion and concern while simultaneously limiting the strain on the mortgage servicing industry.

“The COVID-19 pandemic is presenting an unprecedented challenge to many homeowners who through no fault of their own are unable to make timely mortgage payments. Our recommendations will help millions of Americans avoid delinquency and curb the economic effects of a growing mortgage crisis,” said Attorney General Frosh.

The letters make three recommendations that FHFA and HUD should:

1. Issue guidance revising their forbearance programs so that forborne payments are automatically placed at the end of the loan’s term;
2. Expand eligibility for disaster relief loss mitigation programs; and

3. Clarify that the moratorium on foreclosures and evictions applies to all aspects of the foreclosure or eviction process. That includes issuing pre-foreclosure and acceleration notices, posting or publishing any notices, filing or proceeding with motions beyond continuances, or taking any other foreclosure or eviction action during the moratorium.

The protection of the CARES Act applies only to federally-backed mortgages, which make up approximately 62 percent of the mortgage market. Borrowers who are not covered should contact their mortgage servicer (the company to which they send their monthly payment) to determine whether it is offering any relief during the pandemic.

Use these guidelines to determine if you could be eligible for relief.

- If you have a federally backed mortgage, you have the right to request a forbearance for up to 180 days if you have a financial hardship due to the COVID-19 pandemic. You also have the right to request one extension for up to another 180 days.
- The Consumer Financial Protection Bureau offers a guide to COVID-19 mortgage relief options on its website. To determine whether you are eligible for a forbearance plan or other assistance:
 - First find out who services your mortgage and whether you have a federally-backed mortgage. See tips from CFPB or go to Fannie Mae or Freddie Mac's look up tool.
 - If you do not have an eligible mortgage, your servicer or financial institution may be offering relief to borrowers. Call your servicer and let them know your situation immediately. Ask them what “forbearance” or “hardship” options may be available.
- Keep in mind that forbearance doesn’t erase what you owe. You still must repay any missed or reduced payments in the future.

In addition to Attorney General Frosh, the letters were signed by the attorneys general of California, Colorado, Connecticut, the District of Columbia, Delaware, Florida, Hawaii, Idaho, Illinois, Iowa, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia, and Wisconsin.